

# THE - MUTUAL - LIFE - INSURANCE - COMPANY

## OF NEW YORK.

CASH ASSETS, - - - - - \$186,000,000.

RICHARD A. McCURDY, PRESIDENT.

❖ WHICH DO YOU PREFER? DEATH vs. LIFE INSURANCE. ❖

### "Death" Versus "Life" Insurance.

The one claim in common advertised by the different Assessment, Co-operative and Friendly Aid so-called "Life Insurance" Companies and societies is that of a lower cost for presumably the same thing. This is the one argument by which they justify their existence, and the one supposition which secures them an audience with the public. It is not argued that they furnish equal guarantees of stability, or that they furnish the same record of full payment. They simply advertise "cheap life insurance" and the "bargain hunter" is straightway attracted by the specious allurement.

It is true, this claim is easily and constantly controverted, and also true that the facts in individual experience are constantly arrayed against it, yet every year a new generation of adult life comes to the front, and the inexperienced are again caught by the glitter of the same old sophism—i. e., that life insurance like shop-worn goods, may be had over a bargain counter. This issue is therefore constant, and the advocates of sound life underwriting are thus called upon, again and again, to meet and expose a fallacy that is as old, almost, as the insurance proposition itself, and yet which is being forever presented as a recent discovery, and yet forever found out as but the shadow of the substance.

The table of figures herewith incorporated was published by one of the assessment companies of the country, and, as might be supposed, one of the assertions of the so-called cheapness of the assessment plan. In its advertisement it claims to be selling the same insurance contract, in substance, for from one-half to one-third the cost as charged by the scientific level-premium life insurance companies of the day. This claim is in no way supported by the facts of the two plans in just contrast. Such statements are misleading and should not go unchallenged by those charged with the responsibility of public censorship.

The plan of assessment insurance necessitates, and calls for, an increasing payment for each after year in the life of the insured, while the plan of the so-called "old system" fixes the rate as from the time the policy is issued, and while this will be greatly reduced by after dividends, it can never be increased under any experience whatever.

The company referred to does not advertise this fact. Nor does it say that its plan of benefit is narrowed to the one contingency which matures only "in case you die," while that of the "old system" covers, with the one premium, the double contingency which matures either "in case you die," or "in case you live." In other words, the assessment companies advertise a rate of cost which is assessed to provide for a death payment only, and this in contrast with a whole life premium, in a regular life company, which premium provides not only the like payment in the event of death, but a saving up also of a sum in reserve, due, as a cash payment to the insured himself, at the close of a fixed term of years, and, together with this, a partnership share in the profits of the business, accumulated for all the intervening time.

To illustrate this distinction between "death" and "life" insurance more fully, the figures advertised by the assessment company in support of its preposterous claim of cheapness are here republished, and with them the figures which do justice to the "old system."

Columns 1 and 2, in the subjoined table, exhibit the figures of relative cost as unfairly advertised by the company referred to. In the additional columns will be found a statement of the sums accumulated in cash or returned to the insured, as the investment realized on the premium payments exhibited in column 2, and unfairly omitted by the assessment company in its own published table.

Age.	Figures quoted from an assessment publication.		Cash paid or held for ultimate return to the policy-holders by one of the companies in the so-called "Old System."			
	1	2	3	4	5	6
	Ten year cost in the Assessment Company, \$5,000 Insurance.	Ten year premium paid under "Old System," \$5,000 Insurance.	Cash required to be stored up by Actuarial Table, 4 per cent.	Cash surplus accumulated in \$10 years' "Actual Result."	Cash return now advertised by "Old System" Company (10 year Tenure).	Difference, Actual cost of \$5,000 Insurance.
25	\$ 490.75	\$ 184.50	\$ 441.00	\$ 480.55	\$ 810.00	\$ 368.55
30	489.83	115.00	329.25	434.25	1,050.10	720.85
35	500.25	1,019.00	907.00	528.25	1,334.00	134.00
40	602.80	1,263.00	814.85	630.00	1,462.30	182.50
45	678.75	1,896.50	988.55	720.75	1,757.10	110.80
50	821.70	2,500.00	1,134.25	862.75	2,217.40	141.35
55	1,208.84	2,900.00	1,311.75	1,209.25	2,795.25	199.25
60	1,671.55	3,581.50	1,487.10	1,601.50		Age not published.

Now, when it is understood that the chance of death for the first three years of insured life is very small, and that for the ages indicated, the probability of death for the whole period of ten years would range only from eight per cent, starting at the age of twenty-five, to ten and one-half per cent at forty, to seventeen per cent at fifty, and to thirty-three per cent at sixty, it is easy to understand how a proposition to insure against eight per cent of death, merely, may be made to appear cheap as against a proposition which proposes to insure the other ninety-two per cent as alive, in a sum payable in life, as well as the trifling eight per cent dead, in a sum payable at death.

It is to be understood, however, that death will happen sometime, and that as ages are taken nearer the limit of life, the cost rapidly increases until the assessment on any number for the one year, must approximate the amount of the insurance. For instance the simple death rate on \$5,000 insurance, for one year, at the age of seventy, without assuming any provision for expense, would be \$325; at seventy-five, \$477; at eighty, \$702; at eighty-five, \$1,023; at ninety, \$1,615; at ninety-five, \$2,921; and at the age of 100 the rate would be \$5,000.

### THE ILLUSTRATIONS OF COST . . . .

As advertised by assessment companies, always stop short at the younger ages. Were they to exhibit the cost curve of old age the fallacy of their system would be self-exposed.

The advertisements of these assessment companies are misleading in still another respect. The figures published by the assessment company referred to, (column 1) show the increasing cost of \$5,000 assessment insurance, as by ages five years apart, from twenty-five to sixty, but not for the ages beyond, because of the startling increase in cost that would thus appear. Opposite this statement of cost there is published in column 2, for the same ages, what the reader would understand to be the necessary increasing cost by the "old system." Such a contrast is not justified by the terms of the respective plans. As proof of this, suppose a policy issued by both systems at the age of twenty-five, and continued to the age of sixty-five, when there would still be nearly six hundred in the thousand alive. The assessment company's advertisement exhibits the assessment cost for ages five years apart, and for ten year periods. By supposing the periods to extend through but five years, corresponding to the age periods, and dividing the sum of the total cost as published, by two, we should get \$3,244.65, the assessment cost of \$5,000 continuous insurance for forty years, as if carried on one life and issued at the age of twenty-five. In the case of a like contract with the "old system," however, such a halving of the costs, as shown for the different periods in column 2, would not be admissible, because the premium charges would not have increased during the entire period of forty years. The figures as shown for the first ten years would simply be repeated four times, making a total of \$3,978. On the surface, merely, of this exhibit the difference in cost would appear to be \$733.35 in favor of the assessment plan, but where it is understood that the policyholder in the "old system" may draw out, in cash, a dividend accumulation of several times the amount of his total payments, and yet continue his insurance into the oldest age as of the cost at the age of twenty-five only; and that, if he stops, he can withdraw, in cash, in addition to the dividends stated, a share of the company's general reserve, guaranteed to be of itself \$2,942.45, or more than two-thirds of the gross sum of the premiums, the difference is seen to be all the other way.

Besides it is to be borne in mind that the policyholder, on the assessment plan, has no such cash return to look forward to. If he stops at any time, the past is all lost to him. There is no stored up indemnity for expended youth by such a system. His sole alternative is to continue until death, and to put up for the startlingly increasing costs of the old age curve.

### THE MUTUAL LIFE OF NEW YORK.

New York Spectator, February 22.

The fifty-first annual statement of the above-named company, being its exhibit for the jubilee year, shows that the old mutual is doing a very large share of good in the world. As everyone knows, this company commenced business in 1843 without a dollar, while for many years past its annual statements have been the wonder of the whole financial world. We give a few figures showing the company's growth at intervals of ten years.

	First year, 1843.	Eleventh Year, 1853.	Twenty-first Year, 1863.
Total income.....	\$ 38,502	\$ 1,044,581	\$ 5,158,598
Paid policy-holders.....	(Nil.)	480,228	3,814,012
Total disbursements.....	6,191	255,658	4,047,501
New business written.....	1,640,718	3,679,744	8,593,175
Insurance in force.....	1,480,718	21,103,893	52,178,542
Assets.....	32,311	2,543,202	10,384,076
Surplus, 4 per cent.....		251,741	3,574,860

\* Not Computed.

	Thirty-first Year, 1873.	Forty-first Year, 1883.	Fifty-first Year, 1893.
Total income.....	\$ 10,457,375	\$ 18,500,803	\$ 41,953,146
Paid policy-holders.....	11,259,417	17,039,904	29,385,472
Total disbursements.....	12,168,702	19,311,770	33,379,049
New business written.....	50,500,000	57,820,597	212,000,000
Insurance in force.....	280,595,750	342,040,032	803,284,778
Assets.....	65,999,838	101,148,248	186,707,660
Surplus, four per cent.....	3,754,005	4,930,402	17,952,609

The above figures illustrate most graphically the wonderful growth of the Mutual, and the mind almost fails to grasp the tremendous totals involved. In 1893 the company received in premiums over \$33,500,000, and paid to policy-holders \$20,885,000. The total amount paid policy-holders since organization is \$367,351,640, besides which it now has in hand assets amounting to \$186,707,680, making the total benefits to policy-holders \$554,059,320. The assets of the company are well invested, over \$70,000,000 being in first lien loans on bond and mortgage. The Mutual made a notable gain in its surplus last year, the amount being \$2,784,375, bringing the total surplus up to \$17,952,609. The officers and agents of the company are to be congratulated on the fruits of the jubilee year. The actual new business written is not definitely stated in the company's advertised statement, but we are reliably informed that it was in the neighborhood of \$212,000,000. The amount of insurance in force is \$803,284,738.

## THE MUTUAL LIFE Insurance Company

OF NEW YORK

Is the largest financial institution in the world, and has realized and paid nearly twice the amount of any other insurance company. It is strictly mutual, the property of its policy-holders. It has done business for over fifty years and points to its wise and conservative management with pride.

### ILLUSTRATION,

### NEW COMBINATION

### LIFE POLICY,

PAR VALUE, \$10,000

Age 38.

Premium \$580.

### OPTION AT THE END OF 20 YEARS.

A	\$17,988 IN CASH.	Or, "A." To draw in cash the entire reserve with the accumulated surplus.
B	\$798.00 Annual Income and \$9778 IN CASH.	Or, "B." To convert surplus into an equivalent life income and draw in cash the entire reserve.
C	\$8210 IN CASH, with \$10,000 AT DEATH with \$400 LIFE INCOME.	Or, "C." Draw in cash the accumulated surplus plus, and continue the Policy for the original amount, with "life income" and subsequent dividends.
D	\$28,000 Paid-up Life Insurance and \$400 LIFE INCOME.	Or, "D." To continue Policy and surplus additions as paid-up insurance payable at death, and with "life income" and future dividends.

In case of death during the twenty years \$10,000 4 per cent interest on the par value of the bond will be paid.

J. E. SEYMOUR, MANAGER.

HAYES & MADDUX, RESIDENT AGENTS

FORT WORTH. - - TEXAS.